

Consumer Futures

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Ofcom
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3 March 2014

Dear Hayley

Consumer Futures response to Ofcom consultation on Proposed amendments to post box reporting and relevant turnover for the calculation of qualifying consumer expenses

Consumer Futures is pleased to be able to respond to this Ofcom consultation. Ensuring sufficiency of the post box network across both urban and rural areas remains vital for consumers and we have focused our comments on the proposed amendments to the regulatory conditions on post box reporting.

Under private ownership Royal Mail now has to consider whether it is providing an adequate return for investors. It may seek to do this through reducing operational costs, increasing stamp prices or lowering service standards. In this environment robust monitoring of universal service provision (including access points) will continue to be an important role for the regulator.

Access points density criteria

Royal Mail is required to provide sufficient access points to meet the reasonable needs of users of the universal postal service. The post box density criteria prescribed by Ofcom in June 2013 and set out in designated universal service provider (DUSP) condition 1.8 provided new protection by stipulating (a) that 98 per cent of the population should have access points within half a mile of their delivery point, measured by straight line distance; and (b) that for the remaining 2 per cent, Royal Mail must meet their reasonable needs.

Ofcom's December 2013 decision also made clear that certain post boxes are excluded from the access point density calculation namely:

- all business boxes
- letter boxes where exceptional circumstances on health and safety, difficulty of access and anticipatory temporary health and safety closure have persisted for longer than 12 months (although exceptional circumstances for third party blockage will not be taken into account if a collection is made at least once per week).

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Access points reports

An in-depth understanding and assessment of post box density by the regulator is pivotal to ensure that there is full and transparent compliance by Royal Mail with the access points density criteria. Consumer Futures accepts that an annual reporting period (within three months from 31 March) is adequate and we also support the proposed simplification of the distance criterion to refer solely to 0.5 miles in DUSP 1.8.2(a) and 1.8.2 (b). However the annual report to be published by Royal Mail must provide sufficient information to enable Ofcom to

- properly analyse post box density UK wide and per nation in England, Wales, Scotland and Northern Ireland
- ensure adequate oversight of the mechanisms put in place to protect the 2 per cent of delivery points not within 0.5 miles of a post box
- adequately monitor the level and pattern of post box changes through relocation, removal or installation
- gather intelligence on consumer concerns around post box issues and assess the universal service provider's adherence to any notification and/or consultative requirement.

The proposed reporting framework does not sufficiently address these issues and we have set out our views on the type of information that should be provided in the post box report and Ofcom's approach to monitoring of provision.

Number of delivery points more than 0.5 miles from a post box

One of our primary concerns is ensuring that the 2 per cent of the population not within 0.5 miles of a post box continue to enjoy reasonable access to the post box network. Although the precise location of post boxes is clearly an operational matter for Royal Mail, greater attention needs to be paid to the impact of post box network changes on this category of users; largely situated in rural areas.

Based on geographical post box location information supplied to us by Royal Mail, we are aware that there are several areas with a significant number of consumers at delivery points which are outside of the 0.5 mile distance criterion. In each of these areas a single post box would suffice to bring all the delivery points within the 0.5 mile distance criterion.

Our geographical analysis facilities, which we used to identify areas of concern such as these, allow us to drill down to a fine level of detail in terms of post box coverage. We can determine the number/percentage of delivery points outside coverage at the level of individual Output Areas, Postcode Districts etc. We consider that having access to information at this level of detail is essential in order to determine whether Royal Mail is meeting the reasonable needs of the 2 per cent of users that may lie outside the 0.5 mile distance criterion.

The existence of these areas of concern suggests that users' reasonable needs outside the 0.5 mile distance criterion are not always being actively taken into account, and we would equally be concerned in the case of future changes to the post box network in rural areas.

Highlighting of potential problem areas does require a detailed geographical analysis, and cannot be based upon just the headline coverage figures for the UK as a whole or for individual nations.

Consumer Futures will continue to pay attention to the reasonable access requirements outside the 0.5 mile distance criterion and suggests that Ofcom should ensure that Royal Mail has a process that allows users' access needs in these areas to be actively considered.

Compliance with a notification and consultative process for post box changes and consumer complaint data

In its June 2013 decision document Ofcom agreed that postal users should be made aware of potential changes to their local post box and encouraged Royal Mail to liaise with Consumer Futures to develop a suitable consultation process for notifying postal users of proposed changes to the network. We are presently working with Royal Mail on this issue and we expect Ofcom to monitor progress to ensure that a timely, robust and consumer-oriented consultation process is agreed by both parties.

It is unlikely that reliance on centralised customer complaint data will capture or provide sufficient information on any consumer concerns on post box provision. However operation of a consultative process will ensure that Royal Mail can more easily collate information on the issues relating to post boxes based on

- consumer complaints
- representations made by users and stakeholders including contacts from local politicians to respective External Relations staff within Royal Mail
- consumer issues raised with respect to post boxes changes associated with the Post Office Network Transformation Programme. Pertinent information related to changes to external post boxes (as a result of local post office changes) should be considered by Royal Mail in evaluating consumer concerns and clear inter-business mechanisms between Post Office Limited and the Royal Mail should be established to facilitate this.

Ongoing monitoring

Consumer Futures expects Ofcom to conduct investigations where there is concern on whether Royal Mail meets the density criteria including the provision of reasonable access particularly as significant areas across the UK are not safeguarded against changes to the post box network. We also consider that Royal Mail should be required to provide advance notice to Ofcom, the 'consumer advocacy bodies'¹ and affected stakeholders of any large scale change programme of post box monitoring.

As previously indicated, Consumer Futures has undertaken its own geographic mapping and analysis to assess current post box density levels in order to assist us in understanding the impact on rural consumers, and we will continue in our role as postal watchdog to assess the impact of the density levels on users and draw any compliance issues to Ofcom's attention.

¹ Citizens Advice, Citizens Advice Scotland and General Consumer Council for Northern Ireland

We suggest that the access points report to be published by the universal service provider includes the information proposed by Ofcom:

- percentage of delivery points across the UK with a post box within 0.5 miles by straight line distance of their premises, including details of any system used and steps taken to produce this calculation by Royal Mail
- the total number of post boxes UK-wide and per nation; including a comparison with the previous year where relevant. We suggest the report also provides mapping detail for illustrative purposes.
- number of customer complaints received by Royal Mail that year in relation to the provision/location of post boxes.

As well as additional details on the:

- number of delivery points UK-wide and per nation outside the 0.5 miles distance
- number of post boxes affected by exceptional circumstances and excluded from the density calculations (either in the post box report or prescribed collections exception report)
- geographic locations of post boxes moved, relocated or installed
- confirmation that the local consultative process has been followed by Royal Mail for post box changes (removals and/or relocations) reporting on reasons for any exceptions
- number of customer contacts received by Royal Mail that year from notifications and/or consultations on post box changes.

Transfer of functions to Consumer Advocacy Bodies

Consumer Futures will undergo a significant change when on 1 April 2014 we transfer to Citizens Advice, Citizens Advice Scotland and the Consumer Council of Northern Ireland (CCNI). This transfer will combine our consumer remit in postal services and energy with the consumer information, advice, advocacy and education work of other consumer bodies. It will allow us to use our policy and research expertise in wider ways via the frontline advice delivery and campaigning experience of the Citizens Advice service and CCNI.

We welcome the amendments to the regulatory conditions that reflect this change and ensure that each consumer advocacy body continues to receive reports on changes to brand names of universal service products, delivery and collection times, access points and premises and the periodic reports on quality of service and mail integrity. Consumer Futures looks forward to continuing to work constructively with Ofcom to protect and promote the range of diverse consumer interests across postal services.

Yours,



Michelle Goddard

Head of Postal Services

